



Chapter 13 – Examination Report Writing

Table of Contents

1. Examination Report Objectives	2
2. Examination Report Components.....	3
A. <i>Cover Letter</i>	3
B. <i>Table of Contents</i>	3
C. <i>Examination Overview</i>	4
D. <i>Document of Resolution (DOR)</i>	4
E. <i>Examiner’s Findings</i>	13
F. <i>Loan Exceptions Schedule(s)</i>	14
G. <i>Supplementary Facts</i>	14
H. <i>Status Update Template</i>	15
3. Supporting Workpapers	15
A. <i>Scope Module</i>	15
B. <i>Exam Management Console</i>	15
C. <i>Consumer Compliance Violation Module</i>	16
D. <i>AIRES Questionnaires</i>	16
E. <i>Confidential Section</i>	16
Appendix 20-A – Flowchart for Developing DORs	17
Appendix 20-B – Citations.....	18
<i>Citation Guidelines</i>	18
<i>Hierarchy of Guidance to Cite</i>	18

1. Examination Report Objectives

The examination report should convey the purpose, scope, identified problems, corrective actions, and conclusions reached during the examination process. The examiner's written product is an essential communication tool and part of the formal administrative record.

The AIREs examination workpapers and schedules are also an important part of the administrative record, designed to support the examination report and the examiner's conclusions.

Examiners will write reports and prepare documents in accordance with NCUA's Communications Manual and plain writing guidelines. Examiners must develop a professional and concise examination report that communicates all problems and risks in an easy to read and understandable format for the credit union officials. The examination report must:

- Properly identify all material examination concerns related to the seven risk areas (credit, interest rate, liquidity, transaction, compliance, strategic, and reputation risk).
- Relate the applicable risk areas to the CAMEL ratings.
- Support all conclusions reached regarding problems identified.
- Outline proper corrective actions to ensure problems are resolved in a timely manner.
- Establish a documented administrative record to support future administrative action and problem resolution, if necessary.

The examination report is NCUA's official report to the credit union and an important communication tool between NCUA and credit union officials. The examiner-in-charge receives pertinent information from team members on the areas reviewed, prepares the report, and typically delivers the report to the board of directors at the conclusion of the examination. The credit union board of directors and senior management comprise the report's primary users, so examiners should write the report with the officials as the audience.

Examiners should set aside time throughout the examination to discuss problems identified during the examination with management and officials. It is important to provide management a draft copy of the Document of Resolution, Examiner's Findings, and Loan Exceptions with sufficient time to review before the joint conference or exit interview. Examiners should not present new information to managers at the joint conference, exit interview, or in the examination report.

2. Examination Report Components

For federal credit union examinations and supervision, the official examination report is comprised of the following documents, as applicable:

- Examination Report Cover Letter (required)
- Table of Contents (required)
- Examination Overview (required)
- Document of Resolution (if applicable)
- Examiner’s Findings (if applicable)
- Loan Exceptions Schedule(s) (if applicable)
- Supplementary Facts (if applicable)
- Status Update (if applicable)
- FISCU CAMEL Disclosure (required for FISCU)

In addition to the official examination report documents, examiners may upload additional workpapers, schedules, checklists, forms, or notes that support their conclusions with the AIREs examination upload. Examiners will also prepare the Confidential Section (required) and Supervision Chronology Report (if applicable) documents for NCUA’s internal use only, as directed in Chapter 1 of this manual. Chapters 1, 2, and 3 detail the specific AIREs workpaper requirements for each type of examination or contact.

State regulator examination reports may contain different key documents and workpapers. NCUA examiners must follow Chapter 3 when conducting examinations and contacts in FISCU.

A. Cover Letter

The cover letter explains the risk-focused examination process, the examination appeal process, and provides a description of the key documents included in the examination report.

Examiners will include the appropriate cover letter with the official written examination report presented to credit union officials. AIREs provides standard cover letter templates for each type of examination or contact.

B. Table of Contents

Examiners will use the AIREs Table of Contents to organize the report and document the official examination report components and workpapers given to the officials. Examiners

will provide the credit union copies of the Examination Cover Letter, Examination Overview, and other report documents as applicable.

Examiners may informally provide the credit union any schedules, optional workpapers, questionnaires, or examiner-designed workpapers needed to support their conclusions and assist in gaining resolution to problems uncovered during the examination or supervision process. However, only those workpapers and documents listed in the Table of Contents are considered part of the official examination report.

C. Examination Overview

The Examination Overview (Overview), at a minimum, discloses both the component and composite CAMEL ratings and each final risk rating as outlined in Chapter 1 of the Examiner's Guide. If no material risks exist, the Overview will usually be brief.

The Overview should include a high-level summary of risks identified during the examination. In addition, the Overview should:

- Summarize the credit union's overall condition.
- Discuss the credit union's current and future risk profile.
- Relate the applicable risks to the CAMEL ratings.
- Present a professional, concise discussion of key issues in context of the credit union's overall condition.
- Be easy for credit union officials to read and understand.

D. Document of Resolution (DOR)

The DOR outlines the problem(s) identified and corrective action plan(s) that represent agreements reached with officials to correct problems of the highest priority and concern arising from the examination or supervision contact. Examiners will detail the person(s) responsible, a citation for the problem, and the timeframe for taking corrective action in the DOR. NCUA expects faithful performance from credit union management on all agreements reached and documented in the DOR. Credit union management's failure to address DOR items may result in administrative action.

Problems included in a DOR must be significant enough that the examiner would recommend escalating to the next level of elevated enforcement action (e.g. Regional Director Letter, Letter of Understanding and Agreement) for failure to correct the problem. DOR items are those that management must begin to address immediately or within a compressed timeframe due to the risk associated with the problem. Sometimes, the problem may take significant time to be fully resolved. In these instances, the credit union must initiate action to address the items quickly, even if it may take a year or more to fully resolve the problem or comply with the corrective action item.

What Should I Include in the DOR?

Problems requiring immediate attention that examiners will address in the DOR include:

- Unsafe or unsound practices that reasonably threaten the stability of the credit union. This means any action or lack of action that, if left uncorrected, may result in substantial loss or damage to the credit union or its members. Conditions or practices considered “unsafe or unsound” include, but are not limited to:
 - Operating with an inadequate level of net worth or capital for the kind, quality, and concentration of assets held.
 - Engaging in lax lending and/or collection practices including, but not limited to: extending inadequately secured credit, originating credit without obtaining current financial information, extending credit without adequate controls, and extending credit with inadequate diversification of risk.
 - Operating without adequate liquidity.
 - Operating without adequate internal controls. Examples include internal control weaknesses that can lead to persistent recordkeeping errors, numerous loans granted outside of policy, or manipulation of records.
 - Failure to keep accurate books and records. This includes an accounting and control structure that does not provide for accurate full and fair disclosure of financial statements, which may lead to or mask severe financial problems.
 - Operating without a credit risk management program commensurate with the types of credit extended to the membership.
 - Operating without an asset/liability risk management process commensurate with the complexity of the balance sheet.
 - Inadequate corporate governance.
- Compliance violations that are systemic, recurring, or that result from willful neglect.
- Bank Secrecy Act (BSA) Violations, in accordance with the agreement between NCUA and the Financial Crimes Enforcement Network.

When determining whether a problem qualifies as a DOR, consider the following:

- If left unresolved, could the violation or problem cause serious financial or operational damage to the credit union?

- Does the problem result in fundamental noncompliance with laws and/or regulations?
- Is the problem something that would need to be escalated to the next level of enforcement action (PWL, LUA, etc.) if unresolved?
- Is the problem a result of management's inability or unwillingness to properly identify, measure, monitor, and control the risk?
- Is the problem widespread through the organization?

Problems meeting the above criteria likely warrant a DOR. However, examiner judgment is necessary to determine whether a problem meets the definition of a DOR. Examiners will consider the circumstances surrounding the problem and the relative impact on the credit union when determining if a practice is unsafe or unsound at that particular credit union.

If a problem has been ongoing for many years, examiners must use judgment to determine whether it meets the definition for a DOR. Examiners should take the appropriate action, which may include marking the DOR as no longer applicable (NLA) because it has not caused harm to the financial or operational condition of the credit union, issuing a new corrective action plan that better addresses the root cause of the problem, moving the problem to the Examiner's Findings, or recommending escalated enforcement action.

What Should I Exclude from the DOR?

Examiners should refrain from documenting every problem in a DOR. The DOR should be reserved for problems that meet the standards outlined above. Additionally, examiners should exclude the following items from the DOR.

- Examiners should not include suggestions or items for management to consider in the DOR. Sometimes it is appropriate to provide the credit union suggestions and recommendations, or present options they should consider. Examiners can include such suggestions and recommendations in the Supplementary Facts.
- Examiners should not issue broad or general DORs requiring the credit union to "comply with the examination report" or to correct problems included in the Examiner's Findings section. The cover letter attached to each examination report outlines management's responsibilities, which include acting on the report to correct all deficiencies. CAMEL and risk ratings should reflect management's ongoing failure to correct problems noted in the DOR or Examiner's Findings, if necessary.

- Examiners should not escalate unresolved Examiner’s Findings to a DOR merely because they have gone unresolved. Numerous uncorrected Examiner’s Findings can be indicative of uncooperative or ineffective management and may impact a credit union’s CAMEL and/or risk ratings. A DOR to address uncooperative or ineffective management may be warranted in these circumstances.

If circumstances change and the unresolved Examiner’s Finding subsequently meets the criteria for a DOR, examiners should document the problem and corrective action in the DOR.

- Blanket DORs requiring the credit union to comply with the LUA are not necessary. By signing an LUA, credit union management agrees to correct the deficiencies noted within the LUA. To maintain the administrative record, examiners must document the status of the LUA in the examination report. The DOR issued to credit unions with an outstanding LUA may only include new problems and corrective action plans not already addressed in the LUA. For DORs that are issued and then incorporated into an LUA, the examiner may continue to include them in the DOR provided to the credit union or include them under the “Items excluded from DOR” section of the AIRES module for tracking purposes. If a credit union fails to comply with an LUA, examiners should discuss the need for additional enforcement action with the SE. At a minimum, the CAMEL and risk ratings should reflect management’s failure to comply with an LUA.

How do I Request Monthly Financial Statements?

Chapters 2 and 3 instruct examiners to obtain monthly financial statements for all troubled institutions where the financial condition is a problem and the credit union represents significant risk to the NCUSIF. Because credit unions requiring monthly monitoring generally have material concerns, examiners may document the requirement to send monthly financial statements and/or board packets in the DOR. This provides documentation that management has agreed to submit these items to the examiner by a specified time each month. When including this action item in the DOR, examiners will utilize the Non-Risk (Housekeeping) option under the risk areas in the DOR module.

How do I Request a Response to the DOR?

Under certain circumstances, examiners are required to obtain written responses to the DOR from credit union officials. To fulfill this obligation, examiners may include an action item in the DOR requiring the credit union to provide a written response to the examination report by a specific date. Examiners may also address this request in any open

section of the examination report as necessary. When including this action item in the DOR, examiners will utilize the Non-Risk (Housekeeping) option under the risk areas in the DOR module.

When do I Have to Follow-up on DOR Items?

Generally, examiners should follow-up on DOR items within 120 days after the timeframe for completion has passed. In the case of CAMEL 3, 4, and 5 credit unions, the current follow-up supervision requirements outlined in Chapter 1 will allow for adequate follow-up on DORs.

In CAMEL 1 and 2 credit unions with a DOR, the examiner should evaluate whether a CAMEL 1 or 2 rating is warranted. If it is, the examiner can set the timeframe for completion to coincide with the next scheduled contact or examination. If the DOR is so severe that it needs to be completed sooner than before the next scheduled contact or examination, examiners will follow-up within 120 days of the timeframe for completion.

How do I Follow-up on DOR Items?

Examiners need to follow-up on outstanding DOR items through both on and off-site supervision. Examiners must follow national policy outlined in Chapters 2 and 3 for completing on and off-site supervision.

Examiners should track DOR timeframes for completion and follow-up with credit union management via phone call or e-mail to discuss the status of DOR items as part of off-site supervision. For DORs that can be confirmed off-site, examiners should mark them as “resolved” or “unresolved” in the DOR module accordingly and upload the AIRES file. For other items that need to be reviewed on-site, examiners should determine their status and update the DOR module at the next scheduled on-site contact. For simplicity, examiners may consider using the next scheduled contact date to determine the timeframe for completion.

When on-site for a follow-up contact or at the following examination, examiners should include review of the prior DOR in the examination scope. If unresolved DOR items are identified, examiners should first identify why the item is unresolved to properly address and resolve the recurring problem. The reason a DOR item remains unresolved will determine the subsequent steps necessary.

The first step is to identify why credit union management did not resolve the problem. Consider the following:

- Did management make a good faith effort and comply with a majority of the corrective action plan?

- Did the corrective action plan prove to be unachievable or unreasonable?
- Did management resolve the root problem in a different manner than was agreed upon in the DOR?
- Did management comply with the corrective action plan, but the action did not resolve the problem?
- Did management ignore the corrective action plan?

There may be additional reasons the credit union did not comply with a corrective action plan. Examiners should consider these reasons when determining the best way to address unresolved problems. For example, if management willfully neglects to address the problem the examiner should consider how management's inaction affects the credit union's CAMEL and risk ratings and whether escalated administrative action is necessary.

In instances where management completed a majority of the corrective action plan, the original DOR item was unachievable, or management complied with the corrective action plan but it did not solve the problem, examiners should develop a new corrective action plan to resolve the problem. Examiners should use judgment to determine whether it is a repeat DOR item or if the original DOR item is "NLA".

In instances where management made a good faith effort or has completed a majority of the elements of a corrective action plan, a repeat DOR may not be warranted if the remaining items can be corrected in the normal course of business. Examiners should use the DOR definition outlined above to determine whether a problem should remain a DOR. Examiners must mark DOR items resolved when a credit union has implemented the corrective action, even if the financial trends do not yet reflect the improvements the actions were intended to correct. For example, a credit union has a high operating expense to average asset ratio and negative earnings. The DOR corrective action plan requires the credit union to reduce operating expenses. When the examiner follows-up, they note the credit union has made adequate expense cuts; however, the operating expense to average asset ratio remains high and will not reflect the full impact of the expense cuts for two more quarters. In this case, the examiner should mark the DOR as resolved. The examiner has multiple options to address the ongoing risk including, but not limited to:

- Documenting the credit union's compliance with the DOR in the Status Update document and note management should continue to monitor the operating expense to average asset ratio until the financial ratios reach the agreed upon goal.
- Documenting the credit union's compliance with the DOR in the Examination Overview and noting management should continue to monitor the operating expense to average asset ratio until the financial ratios reach the agreed upon goal.
- Create a new DOR for the credit union to achieve the agreed upon ratio goal (e.g. Achieve an operating expense to average asset ratio of X.XX%) with timeframe for resolution in two quarters to provide the financial ratios time to reflect the operating expense cuts.

For DOR corrective action items that will take more than one year to reflect full compliance, examiners should consider issuing individual DORs to achieve quarterly goals, with the applicable timeframe for completion. Examiners should work with credit union management to develop reasonable goals to include in the DOR.

Developing DORs

The first step in developing a DOR is to discuss the identified problem(s) with management and strive to obtain agreement that the problem(s) exists.

When management agrees with the problem, examiners will:

1. Ask credit union management to develop an acceptable corrective action plan(s) to resolve the problem(s).
 - a. Include acceptable credit union developed corrective action plan(s) in the DOR.
 - b. If management cannot provide acceptable corrective action plan(s), develop the corrective action and strive to get management's agreement.
 - i. Examiner developed corrective action will be included in the DOR. If management does not agree, include the following language in the DOR:

“These plans for action, although not approved by the credit union officials, are recommended to correct the area of concern. The officials have agreed to review the plans and to notify the Regional Director, National Credit Union Administration, (enter appropriate address), by (enter date), of the actions to be taken.”

When management does not agree with the identified problem(s), examiners will evaluate the reasons for the disagreement and ensure they have identified the core problem(s). Once the core problem(s) has been identified and agreed upon, examiners will proceed with asking management to develop an acceptable corrective action plan(s) as outlined above.

If management still does not agree with the identified problem(s), examiners will:

1. Develop corrective action plan(s) and strive to get management's agreement to comply.
2. Include the corrective action plan(s) in the DOR.
 - a. If management does not agree to comply:
 - i. Weigh management's failure to identify and resolve problems in the management CAMEL component and overall composite ratings.
 - ii. Include the corrective action plans in the DOR with the following language:

“These plans for action, although not approved by the credit union officials, are recommended to correct the area of concern. The officials have agreed to review the plans and to notify the Regional Director, National Credit Union Administration, (enter appropriate address), by (enter date), of the actions to be taken.”

Appendix 20A includes a flowchart of the steps outlined above. For particularly severe problems, examiners will notify their supervisor and consider drafting a Regional Director Letter urging the officials to accept the resolution offered in the DOR or formulate an acceptable alternate plan that recognizes and resolves the problems. However, when the overall risk to the credit union so warrants and agreement cannot be reached, it may be necessary to recommend escalated administrative action. The Confidential Section should document all cases of disagreement and the intended steps to ensure proper resolution and follow-up of the problems identified. Additionally, if an examiner suspects or has identified fraud or ethical concerns, a more unilateral approach may be necessary. In these instances, examiners should notify the Supervisory Examiner.

When presenting the final report to the officials, examiners should request the Board of Directors enter a formal board resolution into the minutes documenting agreement to resolve all DOR items.

Drafting the DOR

The DOR concisely describes the problem, including all supporting facts, and outlines the corrective action necessary to resolve the problem. When drafting a DOR, examiners must use the AIRES DOR module. The AIRES DOR module enables examiners to draft DOR items and create a mechanism within AIRES that allows tracking of the DOR until it is marked “Resolved” or “NLA”.

When inputting DOR items into the AIRES module, examiners will:

- Concisely describe the root problem, including any corresponding details and facts that support the conclusion that the problem warrants a DOR item in the Problem section of the AIRES DOR module. For example, in a credit union with multiple accounts that are out of balance, the DOR should address the *cause* of the poor recordkeeping rather than only requiring the credit union to balance the accounts. The credit union must not only balance all accounts, but also ensure staffing, controls, and procedures are in place to prevent future out-of-balance situations.
- Outline appropriate corrective action to resolve the identified problem in the Agreed Upon Corrective Action section. Examiners should use corrective actions suggested by credit union management if the action will adequately resolve the problem.

- Cite the agreed upon timeframes for completion. Examiners should not cite “ongoing” as the timeframe for correction.
- Cite the specific section of the FCU Act, NCUA Rules and Regulations, FCU Bylaws, or other authority (including NCUA-issued guidance such as Letters to Credit Unions). For those problems not specifically addressed in law, regulation, or other specific regulatory guidance examiners should cite Section 206(b)(1) of the FCU Act or Section 741.3 of NCUA’s Rules and Regulations.¹ If the credit union violates more than one of the above, the examiner should cite the highest authority. Appendix 20B provides additional information on citations.
- Identify the specific person(s) or committee(s) responsible for correcting each DOR item. Examiners should specify the person(s) responsible by name and title.

When drafting DORs, examiners will:

- Utilize the “SMART” principle when developing corrective action plans:
 - Specific
 - Measurable
 - Achievable
 - Results-oriented
 - Timely

Do not issue corrective action plans that are not SMART (e.g. instructing a credit union to “continue” or “consider” an action).

- Begin the corrective action plan with an action verb.
- Tailor the DOR and the corrective action plans specifically to the credit union and the competence of the management team. Generally, the corrective action plans will be more detailed and specific in credit unions with more complex problems and/or less sophisticated management.

¹ Section 206(b)(1) of the Act gives NCUA the ability to terminate insurance for unsafe and unsound practices. Even though a DOR may not lead to termination of insurance, the Act implies credit unions must operate in a safe and sound manner as a condition of insurance. Section 741.3 of the Rules and Regulations also requires credit unions operate in a safe and sound manner as a condition of insurance.

- Prioritize the order of DOR items with the most critical problems up front. Examiners should ensure the DOR focuses only on the most critical items at that contact.
- Categorize similar or related DOR items into logical groups when practical. For example, group four separate DOR items related to credit risk weaknesses under a “Credit Risk Management” sub-heading in the DOR.

E. Examiner’s Findings

The Examiner’s Findings reflect problems that management must address, but can do so in the normal course of business. Since these problems do not currently threaten the viability of the credit union or represent systemic violations, management may determine the timeframe and approach for correcting these problems. Repeated failure to resolve problems in the Examiner’s Findings could indicate a serious underlying management deficiency and result in a DOR addressing management’s lack of controls to ensure problem resolution. However, failure to resolve these problems does not automatically warrant escalating the finding to a DOR. Examiners should determine the root problem and determine if that meets the definition of a DOR.

Generally, Examiner’s Findings will only include a statement of the problem. The examiner may provide the credit union with a recommended corrective action to resolve the problem when necessary.²

When drafting an Examiner’s Finding, the examiner should cite the specific section of the FCU Act, NCUA Rules and Regulations, FCU Bylaws, or other authority (including NCUA-issued guidance such as Letters to Credit Unions).³ In the event the credit union violates more than one of the above, the examiner should cite the highest authority. Appendix 20B provides additional information on citations.

Unresolved Prior Examiner’s Findings

If an examiner discovers that previous Examiner’s Findings (Findings) are not corrected, they must determine the reason behind the lack of resolution and the materiality of the concern. Numerous uncorrected findings can be indicative of an uncooperative or ineffective management which may also suggest the need for other administration actions. At a minimum, examiners should list Findings noted during previous examinations, but not

² Such as when the credit union needs specific direction or asks for guidance on correcting certain problems.

³ Section 206(b)(1) of the Act gives NCUA the ability to terminate insurance for unsafe and unsound practices. Even though a DOR may not lead to termination of insurance, the Act implies credit unions must operate in a safe and sound manner as a condition of insurance. Section 741.3 of the Rules and Regulations also requires credit unions operate in a safe and sound manner as a condition of insurance.

yet corrected, under a heading such as "Findings Noted at Previous Examination That Are Not Yet Corrected" or by identifying the Finding and footnoting it with similar wording. Repeat Examiner's Findings are not automatically escalated to a DOR.

F. Loan Exceptions Schedule(s)

Examiners should list weaknesses in loan underwriting, lack of compliance with credit union underwriting policies, regulatory compliance issues, etc. on the loan exceptions schedule(s).

If used, examiners will include the loan exceptions schedule(s) in the official examination report. If the loan review reveals material or systemic weaknesses, the examiner should address these issues in other portions of the examination report as needed.

G. Supplementary Facts

The primary purpose of the Supplementary Facts document is to provide additional detailed information that enhances or supports issues already discussed in the Overview or other portions of the examination report. Examples of items to discuss in the Supplementary Facts include:

- Further background information related to specific examination concerns documented in the Overview or other portions of the examination report. For example, a detailed analysis of Interest Rate Risk (IRR) modeling concerns which may not be appropriate for an Overview discussion but still needs to be documented and communicated with credit union officials.
- Communicating detailed information on new laws or regulations impacting or soon to be impacting the credit union.
- Additional background information on more detailed or complex accounting issues affecting the credit union.
- Other issues such as bond claims, fraud concerns, or contingent liabilities warranting enhanced discussion.

If used only for informational purposes, for example to provide recommendations or suggestions, examiners have the option to provide the Supplementary Facts document only to daily management and exclude it from the official examination report. If the Supplementary Facts document includes discussion of issues affecting the operations of the credit union or information supporting other documents in the examination report, examiners must include it with the official examination report provided to the officials.

H. Status Update Template

Examiners will use the Status Update template to document a credit union's compliance with outstanding administrative actions (LUA, PWL, etc.) and net worth restoration plans. For each document, examiners should provide a separate Status Update. For example, if a credit union has an outstanding LUA and NWRP, the examiner will create two Status Update templates, one for each of the outstanding documents.

At a minimum, examiners will include each outstanding corrective action or goal and the most current status of each in the Status Update. Examiners will include the Status Update(s) in the official examination report provided to credit union officials. However, if the credit union does not have any outstanding enforcement actions or an NWRP, the examiner should exclude this document from the report.

The DOR Status update will generate automatically from the comments input into the AIRES DOR Module.

3. Supporting Workpapers

In addition to the examination report documents provided to the credit union, examiners must complete and upload sufficient AIRES workpapers to support the examiner's conclusions, and NCUA's administrative record. National guidance, as outlined in the NSPM, dictates the required workpapers for each type of examination or contact.

A. Scope Module

Chapters 2 and 3 of this manual, the Scope Development and Planning chapter of the Examiner's Guide, and the AIRES Users' Manual provide additional guidance on completing the Scope module. The examination scope describes the type, depth, and results of review conducted within each risk area during a credit union examination and, in some cases, supervision contact. For annual examinations performed under work code classification 10, examiners must complete or provide justification to opt-out of the minimum scope procedures. Minimum scope procedures are discussed in more detail in Chapters 2 and 3 of this manual, Chapter 2 of the Examiner's Guide, and NCUA Instruction 5000.20 (Rev 4).

B. Exam Management Console

The Exam Management Console (EMC) captures basic information for all contact types. There are three main tabs on the EMC screen: General Exam Information, Time Detail, and Completion Information.

C. Consumer Compliance Violation Module

Examiners must document violations of federal regulation detected during the examination and supervision process on the Consumer Compliance Violation (CCV) module. Examiners will follow the procedures for BSA violations outlined in Chapter 9.

D. AIRES Questionnaires

AIRES Questionnaires are available to assist examiners in completing examination steps. Examiners must use their judgment to determine when best to use questionnaire(s).

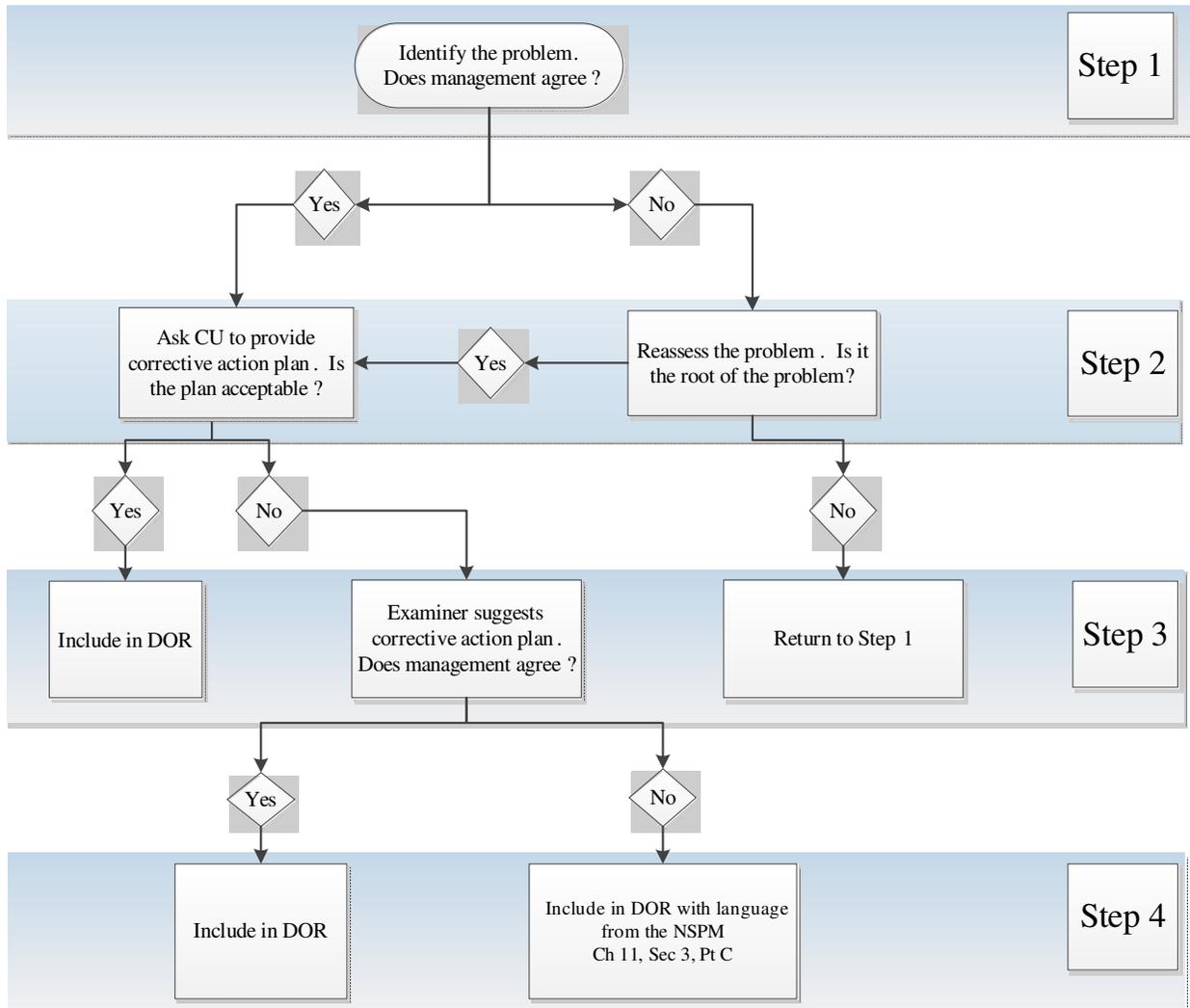
E. Confidential Section

The Confidential Section is for the agency's internal use only. Examiners should document in the Confidential Section any actions taken during the examination not discussed elsewhere in the report. Chapter 1 lists what examiners are required to address in the Confidential Section.

The Confidential Section is also used to candidly discuss management's ability and willingness to correct areas of concern as well as provide details of new or unique programs or services not discussed elsewhere in the report or in the AIRES Scope Module.

Examiners will document if management developed and provided the DOR corrective action items in the Confidential Section.

Appendix 20-A – Flowchart for Developing DORs



Appendix 20-B – Citations

Citation Guidelines

When citing problems identified, examiners will:

- Cite the highest, most specific authority.
- List multiple citations, if necessary. For example, examiners should cite NCUA Rules and Regulations Section 741.3(b)(5) for violations of the Interest Rate Risk rule, but may also cite Letter to Credit Unions 12-CU-11, which provides the credit union additional information regarding the Rule.
- Refrain from citing “safety and soundness” or “sound business practice.”
- Use “Part” when referring to the entire part of a rule or regulation. For example, Part 723 or Part 702.
- Use “Section” when referring to a specific section of a rule or regulation. For example, Section 723.8 or Section 702.201. When referring to a section, examiners may also use the section symbol (§723.8 or §702.201).

Hierarchy of Guidance to Cite

Below are frequently used citations.

Federal Credit Union Act
State Law
Consumer Compliance Laws
NCUA Rules and Regulations
Credit Union Bylaws
Preamble to NCUA Rules and Regulation
Interpretive Ruling and Policy Statement (IRPS)
IRPS Preamble
GAAP/FASB Rules
FFIEC Guidance
Interagency Guidance
Accounting Bulletins
Letters to Credit Unions
Risk Alerts
Examiner’s Guide
General Counsel Opinion Letters
Merger Manual
Chartering and Field of Membership Manual
Accounting Manual
Supervisory Committee Guide